United Nations A/62/349

General Assembly

Distr.: General
21 September 2007

Original: English

Sixty-second session
Agenda item 126
Review of the efficiency of the administrative and financial functioning of the United Nations

Review of the experience of the utilization of the contingency fund

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General entitled "Review of the experience of the utilization of the contingency fund" (A/62/229). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General.

2. In its resolution 61/254, the General Assembly decided that the contingency fund should be set at the level of 0.75 per cent of the preliminary estimate for the biennium 2008-2009. In the same resolution, the Assembly also requested the Secretary-General to review the experience of the utilization of the contingency fund and to report to it thereon at its sixty-second session.

3. The report of the Secretary-General provides useful background information in a clear and transparent manner on the experience of the utilization of the contingency fund. As shown in paragraph 9 of the report, the utilization of the contingency fund has ranged from 19.5 per cent for the biennium 1998-1999 to almost full utilization in the biennium 2002-2003. The utilization of the contingency fund for the biennium 2004-2005 was 63.4 per cent. In paragraph 14 of his report, the Secretary-General states that for the biennium 2006-2007, the balance available in the contingency fund amounts to $637,300, reflecting the utilization factor of 97.8 per cent.

4. The Secretary-General also states in paragraph 14 that, while no additional charges to the contingency fund for the biennium 2006-2007 have been approved since the end of the sixtieth session of the General Assembly, a significant level of additional requirements that normally would have been chargeable to the contingency fund, are being accommodated outside the provisions of the contingency fund, such as $44.3 million relating to the 2005 World Summit Outcome.

07-51365 (E) 270907

5. With regard to the treatment of resource requirements for the World Summit Outcome, the Advisory Committee points out the unprecedented magnitude of the resources involved. The Committee recalls its observation that the estimates for the World Summit Outcome exceeded the level of the contingency fund for the biennium 2006-2007. The Committee suggested policy options for consideration by the General Assembly that provided for the estimates to be treated, as an exception, outside the established procedures for the use and operation of the contingency fund; the Committee also recommended that the exception should not create a precedent for the consideration of the financial implications of future legislative actions (A/60/7/Add.13, para. 67). In paragraph 5 of its resolution 60/246, the General Assembly endorsed the Committee's recommendation.

6. As concerns these additional requirements for the biennium 2006-2007, the Advisory Committee considers that at least some of them should have been dealt with in the context of the proposed programme budget for the biennium, thus avoiding a piecemeal approach to the budget process. For example, in its review of revised estimates related to the renovation of the Secretary-General's residence, the Committee pointed out that, in keeping with proper budget procedure, the proposal should have been submitted as part of the proposed programme budget for the biennium 2006-2007 (A/61/523, para. 6).

7. The Advisory Committee recalls that in A/61/615, paragraph 9, it observed that the fact that the level of the contingency fund was set at a percentage of the overall level of resources meant that the amount of the fund increased with the size of the budget. The Committee also pointed out that past experience had shown that the level of the contingency fund had almost never been exceeded. Furthermore, the Committee recalled that the General Assembly, in its resolution 60/283, had authorized the Secretary-General a limited discretion for budgetary implementation for the bienniums 2006-2007 and 2008-2009, to enter into commitments up to $20 million in each biennium for positions and non-post requirements for the purpose of meeting the evolving needs of the Organization in attaining its mandated programmes and activities. The Committee recommended that the level of the contingency fund for the biennium 2008-2009 remain at 0.75 per cent. The Assembly, in its resolution 61/254, decided that the contingency fund should be set at the level recommended by the Committee.

8. **While recognizing that unforeseen requirements must be considered and that it is not always possible to fit new initiatives within the biennial cycle of the regular budget, the Advisory Committee considers it to be the Secretary-General's responsibility, as chief administrative officer of the Organization, to ensure that his proposed programme budget presents the fullest possible picture of the Organization's requirements for the coming biennium (A/62/7, para. 10).**

9. Paragraph 15 of the report of the Secretary-General (A/62/229) outlines potential additional resource demands for 2008-2009. **In the view of the Advisory Committee, increasing the contingency fund to accommodate all those requirements would not contribute to budget discipline, as envisaged in the relevant provisions of General Assembly resolutions 41/213 and 42/211.** The

Committee recalls that the procedures for fixing the level of the contingency fund were set up by the Assembly in those two resolutions, which established the current system of planning, programming and budgetary governance of the Organization. **The Committee considers that those arrangements have stood the test of time and that there is no evidence that they need to be revised.**